



## **PRODUCT INNOVATION AND BRAND POSITIONING AND MANAJEMEN IN ENHANCING MICRO BUSINESS COMPETITIVENESS**

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**Abstract:** This study examines the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in Cirebon, focusing on product innovation and brand positioning as key strategies for enhancing competitiveness. The research aims to explore how these strategies can be applied to overcome market challenges and improve business performance. Using a literature-based methodology, data was collected from academic journals, books, and previous studies related to MSME competitiveness. The findings reveal that MSMEs that implement product innovation and strong brand positioning are better equipped to differentiate themselves, attract customers, and achieve sustainable growth. The study concludes that external support, such as government programs and training, is crucial for MSMEs to successfully execute these strategies.

**Keywords (English):** Product Innovation, Brand Positioning, SME Competitiveness Management.

### **INTRODUCTION:**

In today's fast-paced and highly competitive business environment, Micro, Small, and Medium Enterprises (MSMEs) are increasingly facing significant challenges that hinder their growth and sustainability. MSMEs, which are vital to the economic development of many countries, especially Indonesia, contribute more than 60% to the national GDP and provide employment opportunities to nearly 97% of the workforce. However, despite their crucial role, many MSMEs struggle to remain competitive in an ever-evolving marketplace. The underlying issues include limited resources, inadequate access to capital, and a lack of technological advancement. Among the most prominent challenges is the inability to innovate their products and effectively position their brands in the market. These shortcomings make it difficult for MSMEs to differentiate themselves from larger competitors, stifling their growth potential and diminishing their chances of survival in a highly competitive environment. Innovation in products and strategic brand positioning are essential elements in ensuring that MSMEs stay relevant and thrive in an increasingly crowded market[1].



Existing literature offers several theoretical frameworks related to product innovation and brand positioning, which are seen as critical factors for enhancing competitive advantage. Scholars such as Porter emphasize the importance of strategic differentiation and clear brand positioning to establish a competitive edge. Despite the substantial body of knowledge regarding the impact of innovation and branding on competitiveness, the application of these concepts in the context of MSMEs, especially in emerging markets such as Indonesia, remains limited. A significant body of research suggests that while larger corporations can invest in large-scale product development and advanced branding techniques, MSMEs often lack the necessary resources and expertise to implement these strategies effectively. The gap between theoretical insights and practical application has become a point of concern, especially when examining the challenges MSMEs face in adopting innovative business practices and strategic brand positioning to achieve long-term success. This disconnect between established theories and the realities of MSMEs calls for deeper exploration and investigation, particularly in the context of micro-businesses that often face even more severe resource constraints[1].

The primary objective of this study is to investigate how product innovation and brand positioning can be applied to improve the competitiveness of MSMEs, particularly micro-enterprises in Indonesia. This study aims to explore the relationship between the adoption of innovation strategies and the positioning of products and brands with the overall performance of MSMEs. It will also seek to identify the barriers that hinder MSMEs from implementing such strategies and explore ways to overcome these challenges. Furthermore, the research will evaluate the role of product innovation and brand positioning in ensuring the sustainability and growth of micro-businesses, both locally and in the global market. By examining how these strategies can be applied effectively, the study aims to provide valuable insights that can help micro-entrepreneurs navigate the complexities of modern markets and improve their competitive standing. This research intends to contribute to the existing body of literature by filling the gap in understanding the practical implementation of innovation and brand positioning theories in the context of Indonesian MSMEs[2].

This study is crucial for several reasons. First, despite the abundant literature on the importance of innovation and branding for competitive advantage, little has been done to examine how these strategies can be applied effectively within the context of MSMEs, especially in Indonesia. The existing gap in the literature suggests that MSMEs may not fully capitalize on the potential benefits of product innovation and brand positioning due to various constraints, including financial limitations, lack of expertise, and insufficient access to market research and technology. Second, the importance of this research lies in its potential to bridge this gap by providing actionable insights for micro-enterprises to adopt and implement these strategies in a way that suits their unique challenges. By doing so, the study can offer practical recommendations that empower MSMEs to become more competitive, thereby contributing to their growth and sustainability in an increasingly globalized economy. Ultimately, this research is necessary to better understand the real-world implications of theoretical concepts, such as product innovation and brand positioning, and to support MSMEs in overcoming their limitations while improving their competitiveness[3].

The importance of conducting this research is further emphasized by the growing need for MSMEs to adapt to rapidly changing market dynamics and consumer preferences. While large companies can afford to invest in research and development, MSMEs often face budgetary constraints that



limit their ability to innovate. However, innovation does not always require substantial financial investment. In many cases, the creativity, agility, and local knowledge that MSMEs possess can be leveraged to introduce product innovations that resonate with their target audience. Similarly, brand positioning is equally important, as it allows MSMEs to communicate their unique value proposition effectively to consumers. Through this research, the study aims to provide a framework for MSMEs to enhance their product offerings and brand image, which will, in turn, increase their competitiveness in the market. Additionally, it will contribute to the body of knowledge on how MSMEs can overcome the barriers to innovation and branding and develop sustainable strategies for growth[4].

Based on the facts presented, the hypothesis for this research is that MSMEs that invest in product innovation and strategic brand positioning are likely to experience enhanced competitiveness in the marketplace. Specifically, MSMEs that embrace these strategies can differentiate themselves from competitors, improve customer loyalty, and expand their market share. This research posits that product innovation, when combined with a strong brand identity, can significantly increase an MSME's ability to meet consumer needs, differentiate itself in a crowded market, and ultimately ensure its long-term survival and success. Furthermore, this study will explore how various factors, such as management capabilities, market knowledge, and access to resources, influence the ability of MSMEs to effectively implement these strategies. Therefore, the hypothesis suggests that by applying the principles of innovation and positioning effectively, MSMEs can achieve a more sustainable competitive advantage in a fast-evolving global economy[5].

## **METHODOLOGY:**

### **Research Object**

The object of this research focuses on the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly in Cirebon, in relation to product innovation and brand positioning strategies. The phenomenon under investigation is the struggle of MSMEs to maintain or enhance their competitiveness within a rapidly changing market environment. The primary issue identified in this research is how MSMEs, especially micro-enterprises, are dealing with the challenges of adapting to new consumer preferences, technological advancements, and an increasingly competitive market. While MSMEs are critical to the national economy, their ability to innovate products and strategically position their brands remains underdeveloped in many cases, leading to reduced market share and profitability. This research aims to explore how product innovation and effective brand positioning can serve as strategies for improving the competitiveness of these micro-businesses[6].

### **Type of Research and Data Sources**

This study is classified as library-based research, focusing on qualitative data collection through literature review. The research uses both primary and secondary data. The primary data is sourced from relevant literature that directly addresses the issues at hand, particularly academic articles, books, and journal papers related to product innovation, brand positioning, and MSME competitiveness. These primary data sources offer insights into existing theories and frameworks applied in similar contexts. Secondary data is drawn from previous research studies, reports,



publications, and industry analyses that discuss MSME performance, challenges, and the application of innovation and branding strategies. These secondary sources enrich the research by providing historical and comparative perspectives on how MSMEs have evolved and implemented strategies in response to economic challenges. Together, both primary and secondary data provide a comprehensive foundation for understanding the phenomenon and addressing the research questions[7].

### **Theoretical Framework**

The theoretical foundation for this research is grounded in several key theories related to product innovation, brand positioning, and competitive advantage. One of the main theories utilized is Porter's Competitive Strategy Theory (Porter, 1985), which emphasizes the importance of differentiation and market positioning in achieving a competitive edge. According to Porter, companies can gain a competitive advantage through either cost leadership, differentiation, or focus strategies. For MSMEs, differentiation through product innovation and effective brand positioning are critical in standing out in competitive markets. Additionally, Innovation Diffusion Theory is employed to understand how new products or innovations are adopted within a market and the factors that influence their success. These theories provide a solid framework for exploring how product innovation and brand positioning can influence the competitiveness of MSMEs in Cirebon.

### **Research Process and Data Collection Techniques**

The research process involves several stages of data collection and analysis. The primary technique employed in this study is literature review, which involves gathering and analyzing written sources such as books, academic articles, previous research studies, journals, and reports. This approach is crucial because it allows the researcher to synthesize existing knowledge on the subject matter, particularly regarding the application of product innovation and brand positioning strategies in MSMEs. The literature review focuses on identifying relevant theories, findings, and best practices that could inform the research on MSME competitiveness. Additionally, relevant case studies of MSMEs in similar contexts are reviewed to identify patterns and successful strategies. By critically examining these sources, the researcher aims to uncover key insights that address the research questions and objectives[8].

### **Data Analysis Techniques**

Data analysis in this study employs content analysis, a qualitative method used to analyze textual data and identify patterns, themes, and relationships within the collected materials. Content analysis involves systematically reviewing the literature and categorizing information according to specific themes related to product innovation, brand positioning, and competitiveness. This technique allows the researcher to extract valuable insights from various written sources, such as research papers, articles, and reports, to identify emerging trends and ideas that align with the research objectives. By analyzing the content, the researcher aims to determine the most effective product innovation and brand positioning strategies for MSMEs, and how these strategies can contribute to improving their competitiveness. The results of the content analysis will provide a



deeper understanding of the subject matter and help build recommendations for MSMEs seeking to enhance their market position[9].

## **RESULTS AND DISCUSSION:**

The results of this research indicate that product innovation plays a critical role in enhancing the competitiveness of MSMEs in Cirebon. Many MSMEs, particularly in the food and handicraft sectors, have adopted innovation in their products to meet evolving consumer preferences and to differentiate themselves from competitors. The research shows that product innovation, such as the development of new flavors, packaging, and the integration of local cultural elements into products, has significantly contributed to the growth and sustainability of MSMEs. In many cases, these innovative products have led to an increase in consumer demand and market share, particularly in niche markets where differentiation is key. Furthermore, the research highlights the importance of continuous innovation, as stagnant product offerings may lead to a loss of consumer interest and a decline in sales. The findings suggest that MSMEs that embrace innovation, even on a smaller scale, tend to perform better than those that do not innovate at all[10].

The research also demonstrates that brand positioning is a vital factor in establishing and maintaining a competitive advantage for MSMEs. In Cirebon, many MSMEs have successfully positioned their brands by focusing on unique selling points such as local authenticity, quality, and ethical production. MSMEs that have successfully aligned their brand positioning with consumer values and market trends have been able to build a loyal customer base and command a premium price for their products. The study found that brand positioning, when effectively executed, helps businesses communicate their value proposition clearly to consumers, thereby enhancing brand recognition and trust. The alignment between a brand's positioning and its target market's needs has proven to be a significant driver of competitiveness for MSMEs in Cirebon. In contrast, MSMEs that fail to establish a clear and differentiated brand identity often struggle to retain customers and face challenges in expanding their market reach. One of the key findings of this research is the synergetic relationship between product innovation and brand positioning in boosting MSME competitiveness. MSMEs that successfully integrate product innovation with strong brand positioning tend to experience higher market visibility, consumer trust, and loyalty. For example, MSMEs in Cirebon that introduced innovative products with a distinct brand story related to local heritage and cultural values were able to carve out a niche in the market. These businesses not only attracted attention through their innovative products but also built a unique brand identity that resonated with local and international customers. The integration of innovation and branding allows MSMEs to differentiate themselves more effectively and create a strong market presence. The research indicates that MSMEs that fail to link innovation with a compelling brand strategy may miss out on significant opportunities to strengthen their competitive edge.

Despite the potential benefits of product innovation and brand positioning, the research reveals several challenges that MSMEs in Cirebon face when attempting to implement these strategies. One of the major obstacles is the lack of resources, particularly financial and human capital, to support innovation efforts. Many MSMEs struggle to invest in research and development due to limited access to financing options. Additionally, there is often a gap in knowledge regarding modern branding strategies, which can hinder the ability of MSMEs to effectively position their products in a crowded marketplace. The research also points out that while there is a growing awareness of the importance of innovation and branding, many MSMEs lack the technical expertise or market knowledge needed to execute these strategies successfully. These challenges





are compounded by the competitive pressures from larger businesses that have more resources to invest in innovation and brand development.

The research also highlights the significant impact of external factors, such as government policies, market conditions, and consumer behavior, on the competitiveness of MSMEs. While product innovation and brand positioning are crucial, external support is necessary for MSMEs to thrive. The study found that MSMEs in Cirebon that received support from local government programs, such as training and subsidies for innovation, were more likely to succeed in implementing new product offerings and branding strategies. Similarly, changes in consumer behavior, particularly the shift towards more sustainable and ethical products, have influenced how MSMEs position their brands in the market. The research underscores the importance of a supportive external environment in helping MSMEs navigate the challenges of innovation and branding. Without such support, many MSMEs may struggle to compete with larger firms or fail to adapt to changing market dynamics.

## **Discussion**

### **1. Significance of Product Innovation for MSME Competitiveness**

Product innovation is an essential factor for enhancing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs). In today's rapidly changing market environment, consumer preferences evolve quickly, and businesses must keep pace with these changes to stay relevant. The research highlights the critical role of product innovation in helping MSMEs adapt to these shifts and maintain a strong competitive position. By introducing new products or modifying existing ones to meet the evolving needs of consumers, MSMEs can differentiate themselves from competitors. The ability to innovate is especially important in markets where consumers constantly seek novelty, improved functionality, and better value for money. MSMEs that can consistently deliver fresh and innovative products are more likely to capture the attention of their target audience, which is essential for sustained growth.

Furthermore, product innovation allows MSMEs to diversify their product offerings, which is a significant advantage in competitive markets. Businesses that innovate are often able to tap into new market segments and create demand for their products, thus expanding their customer base. For example, by launching a new variation of an existing product or adding features that appeal to a different demographic, MSMEs can cater to different consumer preferences and needs. This ability to innovate not only enhances customer satisfaction but also encourages repeat business, which can lead to higher customer loyalty. In the long run, sustained product innovation can help MSMEs build a reputation for creativity and quality, reinforcing their competitive position.

Product innovation also plays a crucial role in enabling MSMEs to respond to changes in market conditions and consumer behavior. Markets are dynamic, and trends can shift suddenly due to technological advancements, cultural changes, or external factors like economic downturns. MSMEs that are able to innovate quickly are more adaptable and resilient to such changes. The research suggests that MSMEs that continuously engage in incremental innovations, no matter how small, are more likely to survive and thrive in the face of market volatility. By regularly introducing small improvements, businesses can keep their products relevant, reducing the risk of obsolescence and ensuring long-term sustainability.

Innovation does not necessarily require substantial financial investment, especially for smaller businesses with limited resources. MSMEs can adopt low-cost innovation strategies, such as leveraging customer feedback, experimenting with new materials, or adopting simple technological solutions to improve their offerings. This flexibility allows MSMEs to remain competitive even with limited budgets. The ability to innovate on a small scale provides a level of



agility that larger companies often lack, enabling MSMEs to respond quickly to market trends and consumer demands. This competitive advantage is particularly valuable for businesses trying to establish themselves in crowded markets where larger companies dominate.

In conclusion, the findings of this research demonstrate that product innovation is not merely a luxury for MSMEs but a necessity. MSMEs that embrace innovation—whether through significant product launches or small incremental changes—are better positioned to compete in the market. The continuous development and refinement of products are key drivers for customer acquisition, retention, and market expansion. For MSMEs, staying ahead of the competition through innovation is a critical strategy that contributes to long-term growth and success.

## **2. The Role of Brand Positioning in Building Market Identity**

Brand positioning plays a crucial role in helping MSMEs differentiate themselves in the marketplace. In an environment where many businesses offer similar products or services, having a clear and distinct brand identity can be a key factor that influences consumer decision-making. This research emphasizes the importance of positioning a brand effectively, as it helps businesses stand out in a crowded market. MSMEs with strong brand positioning are able to communicate their unique value propositions to customers, which enhances their appeal and builds consumer trust. A well-defined brand can reflect the values, quality, and personality of a business, making it easier for customers to connect with the company on a deeper level.

The research highlights that MSMEs with clear and consistent brand messaging are better positioned to attract and retain loyal customers. A brand's ability to resonate with its target audience is a significant driver of business growth. When customers understand what a brand stands for and identify with its values, they are more likely to return and recommend the product or service to others. This type of customer loyalty can lead to increased word-of-mouth marketing, which is one of the most cost-effective forms of promotion. Furthermore, a strong brand can command premium pricing, as consumers are often willing to pay more for products from brands they trust and perceive as offering superior quality.

A well-executed brand positioning strategy also allows MSMEs to differentiate themselves from competitors by highlighting their unique qualities. For example, MSMEs can position their brands based on factors such as product quality, customer service, or a commitment to sustainability. This research reveals that brand positioning is not just about being seen but about being seen in the right way. The goal is to create a lasting impression on consumers that reflects the company's core values and offerings. A distinct brand positioning helps businesses avoid competing solely on price and instead emphasizes the value and benefits they provide to customers.

Moreover, effective brand positioning can help MSMEs build trust with their consumers, which is essential for long-term success. Consumers today are looking for authenticity and transparency in the brands they support. By consistently delivering on their brand promises, MSMEs can foster a deeper emotional connection with customers, which can be more valuable than transactional relationships. Building trust through strong brand positioning leads to enhanced customer loyalty, repeat business, and positive brand perception, which collectively contribute to the company's competitive advantage.

In conclusion, brand positioning is not merely a marketing tactic for MSMEs but a critical element in building a strong market identity. By strategically positioning their brands, MSMEs can differentiate themselves, communicate their unique value, and cultivate long-term customer loyalty. Effective brand positioning enables MSMEs to stand out in a competitive market, attract the right customers, and create a foundation for sustainable growth.



### **3. Integrating Innovation and Branding for Competitive Advantage**

The integration of product innovation and brand positioning is essential for creating a strong competitive advantage for MSMEs. The research highlights that MSMEs that effectively combine these two strategies are better positioned to differentiate themselves in the marketplace and create a compelling value proposition for consumers. Product innovation allows MSMEs to offer unique and appealing products, while brand positioning ensures that the business communicates its value effectively to the target audience. Together, these strategies create a synergy that enhances the overall consumer experience, driving both customer acquisition and retention. By aligning innovation with branding, MSMEs can tell a powerful story about their products and services, which resonates with consumers and helps them build stronger connections with the brand.

MSMEs that integrate product innovation and brand positioning are more likely to stand out in the marketplace. The research suggests that businesses that innovate in their product offerings while maintaining a strong, consistent brand message are able to capture and maintain consumer interest. For example, an MSME that introduces an innovative product while ensuring its brand message aligns with customer expectations and values is more likely to succeed than one that solely focuses on product development without considering the importance of branding. By linking innovative products with a strong brand identity, MSMEs can create a distinct market position that is difficult for competitors to replicate.

Furthermore, the integration of innovation and branding enhances the value proposition of MSMEs, making it easier for them to communicate the benefits of their products to consumers. In today's competitive environment, consumers are not only interested in the functionality of a product but also in the emotional and social value it provides. By combining product innovation with brand positioning, MSMEs can create products that not only meet functional needs but also align with consumer values and aspirations. This approach helps MSMEs develop a unique selling proposition (USP) that resonates with their target audience and strengthens their competitive edge.

The research also reveals that integrating innovation and branding helps MSMEs build a loyal customer base, as consumers are more likely to stay loyal to a brand that consistently offers innovative solutions that align with their expectations. A business that continuously innovates while reinforcing its brand positioning can create a sense of trust and reliability among consumers, making them more likely to return for future purchases. This leads to long-term customer loyalty, which is essential for MSMEs to remain competitive in the market over time.

In conclusion, the integration of product innovation and brand positioning is a powerful strategy for MSMEs seeking to establish a strong competitive advantage. By aligning innovative products with a clear and consistent brand message, MSMEs can differentiate themselves, attract and retain customers, and build a market presence that is difficult for competitors to challenge. This integrated approach is essential for MSMEs to succeed in today's competitive and fast-paced business environment.

### **4. Addressing the Challenges in Implementing Innovation and Positioning Strategies**

While the potential benefits of product innovation and brand positioning are evident, MSMEs often face significant challenges when implementing these strategies. The research highlights several barriers that MSMEs encounter, including resource constraints, limited access to funding, and a lack of skilled personnel. Many MSMEs, especially micro-businesses, do not have the financial capacity to invest in research and development or to hire professionals with expertise in innovation and branding. As a result, these businesses often struggle to create and implement effective innovation and brand positioning strategies. Without adequate resources, MSMEs may find it difficult to compete with larger companies that have more access to capital and technical expertise.

Another challenge identified in the research is the lack of market knowledge and consumer insights among MSMEs. To successfully innovate products and position their brands effectively,





MSMEs need to understand consumer behavior, preferences, and trends. However, many MSMEs operate in a local or limited market context and may not have the tools or knowledge to conduct in-depth market research. Without this understanding, it becomes challenging for MSMEs to design products that resonate with consumers or to develop a brand positioning strategy that differentiates them from competitors. This lack of market intelligence can result in misaligned strategies that fail to attract customers or drive sales.

To overcome these challenges, the research suggests that MSMEs need access to external support, such as government programs, industry partnerships, and training initiatives. By participating in programs that offer funding, innovation grants, and business mentoring, MSMEs can acquire the necessary resources and knowledge to implement successful innovation and branding strategies. Additionally, collaboration with other businesses or organizations can help MSMEs overcome resource limitations and gain access to expertise in areas such as product development, market research, and branding. Such partnerships can help MSMEs build the capabilities needed to compete more effectively in the market.

The research also emphasizes the importance of fostering a culture of innovation within MSMEs. Many small businesses struggle to create an environment that encourages creativity and risk-taking, which are essential components of product innovation. To address this challenge, MSMEs must invest in developing internal capabilities, such as training employees to think creatively, adopt new technologies, and explore innovative solutions. By creating a culture of innovation, MSMEs can ensure that product innovation and brand positioning become integral parts of their business strategy, leading to sustained growth and competitiveness.

In conclusion, while MSMEs face significant challenges in implementing product innovation and brand positioning strategies, these obstacles can be overcome with the right support and resources. By seeking external assistance, fostering a culture of innovation, and gaining insights into market trends and consumer needs, MSMEs can successfully navigate the complexities of these strategies. Addressing these challenges is crucial for MSMEs to remain competitive and thrive in an increasingly dynamic market environment.

## **5. The Role of External Factors in Supporting MSME Competitiveness**

Finally, the research highlights the significant role that external factors play in supporting MSME competitiveness. Government policies, access to finance, and changes in consumer behavior all influence how MSMEs can implement product innovation and brand positioning strategies. The study suggests that a supportive external environment, including government programs that provide innovation grants, financial support, and training opportunities, can help MSMEs build the capabilities they need to successfully implement these strategies. Without such external support, MSMEs may find it difficult to access the resources and expertise necessary to compete with larger companies, which often have more capital and established market positions.

Consumer behavior is another external factor that has a significant impact on MSME competitiveness. The research indicates that as consumer preferences shift towards more sustainable, ethical, and locally-produced products, MSMEs that align their product offerings and brand positioning with these trends are more likely to succeed. The ability to tap into changing consumer preferences allows MSMEs to stay relevant and attract a loyal customer base. Therefore, understanding and responding to shifts in consumer behavior is crucial for MSMEs looking to gain a competitive edge in the market.

Furthermore, the research emphasizes that access to finance is a critical external factor in enabling MSMEs to innovate and position their brands effectively. Many MSMEs struggle to secure financing for product development or branding initiatives due to limited access to traditional financial institutions. Government-backed loans, innovation funds, and venture capital can help bridge this gap and provide MSMEs with the financial resources needed to invest in innovation



and marketing. In addition to financial support, access to market research and industry networks can help MSMEs better understand consumer needs and market trends, further enhancing their ability to innovate and position their brands effectively.

The study also highlights the importance of industry collaborations and partnerships. MSMEs that collaborate with other businesses, industry associations, or research institutions can gain access to valuable knowledge, technology, and expertise. These collaborations allow MSMEs to share resources, reduce costs, and pool expertise in areas such as product development and branding. By forming strategic alliances, MSMEs can strengthen their competitive position and improve their chances of success in a challenging business environment.

The research underscores that MSME competitiveness is significantly influenced by external factors such as government policies, access to finance, and shifts in consumer behavior. A supportive external environment can help MSMEs implement effective product innovation and brand positioning strategies, which are critical for achieving long-term growth and sustainability. By leveraging external support and responding to market dynamics, MSMEs can build stronger competitive advantages and thrive in an increasingly complex business landscape.

## CONCLUSIONS

This research underscores the critical role of product innovation and brand positioning in enhancing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs), particularly in Cirebon. MSMEs that effectively integrate these strategies are better equipped to differentiate themselves in the marketplace, build strong customer loyalty, and achieve long-term success. However, the research also highlights the significant challenges MSMEs face, including limited resources, lack of expertise, and market knowledge, which hinder their ability to implement these strategies. The study suggests that external support, such as government programs, financial assistance, and training, is crucial for MSMEs to overcome these barriers and strengthen their competitive advantage. Overall, MSMEs that embrace innovation and strategic brand positioning, while leveraging available support, are more likely to thrive and contribute significantly to the economic development of their local communities.

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